VZCZCXRO4719 PP RUEHFK DE RUEHKO #0907 0640428 ZNR UUUUU ZZH P 050428Z MAR 07 FM AMEMBASSY TOKYO TO RUEHC/SECSTATE WASHDC PRIORITY 1218 RUEKJCS/SECDEF WASHDC PRIORITY RUCPDOC/USDOC WASHDC PRIORITY RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY RUYNAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY RHHMHBA/COMPACFLT PEARL HARBOR HI//N541// PRIORITY RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA// PRIORITY RUHBANB/OKINAWA FLD OFC US FORCES JAPAN CP BUTLER JA PRIORITY RUALSFJ/COMUSJAPAN YOKOTA AB JA PRIORITY INFO RUEHFK/AMCONSUL FUKUOKA 0080 RUEHOK/AMCONSUL OSAKA KOBE 3572 RUEHBJ/AMEMBASSY BEIJING 5991 RUEHMO/AMEMBASSY MOSCOW 1531 RUEHUL/AMEMBASSY SEOUL 2083 RUCNDT/USMISSION USUN NEW YORK 3441 RHEHAAA/NSC WASHDC

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E.O. 12958: N/A

TAGS: OIIP KMDR KPAO JA

SUBJECT: MEDIA REACTION Q IRAQ - TOKYO

LEAD STORIES: Most Monday morning papers front-paged remarks Sunday by a spokesman for the National People's Congress who disclosed that China earmarked 350.92 billion yuan or about 45 billion USD, an increase of 17.8 percent from last year, for defense spending in 2007. Asahi quoted Deputy Secretary of State Negroponte as commenting Sunday in Beijing that China needs transparency in its defense budget and that the US would seek it through dialogue.

11. "International Conference in Iraq: Chance for Dialogue Must Be Seized" The liberal Mainichi editorialized (3/4): "Is the direction of the wind changing? An international conference aimed at stabilizing Iraq is expected to be held on March 10 in Baghdad with the US, Iran, and Syria attending. A meeting that brings together these feuding nations can be welcomed as a move to ease tensions not just in Iraq but throughout the entire Middle East.... Direct talks with Iran and Syria represent a major policy turnaround for the Bush administration. Though the report of the bipartisan Iraq Study Group led by former Secretary of State Baker called for talks with Tehran and

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Damascus, the Bush administration did not listen and instead opted to boost its force levels in Iraq.... What is heartening is that Secretary of State Rice has shown a keen interest in the meeting. With hardliners like former Defense Secretary Rumsfeld and former Ambassador to the UN Bolton having resigned, the Bush administration has likely found it much easier to conduct a more cooperative diplomacy."

SCHIEFFER